Vincent Thomas

Vincent Thomas is an Economic Development Specialist with the Office of Assemblyman Albert Vann in the New York State Assembly. As such, he specializes in telecommunications issues and their impact on community economic development, including opportunities for minority and non-profit organizations, with a particular focus on strategic partnerships and socially responsible public policy. Mr. Thomas supports Assemblyman Vann's work as Chair of the New York Assembly's Committee on Corporations, Authorities and Commissions, and as Chair of the Telecommunications and Energy Committee of the National Black Caucus of State Legislators. Mr. Thomas formerly served as the Telecommunications Policy Analyst for the New York State Department of Economic Development Governor's Telecommunications Exchange, which developed recommendations for a comprehensive state telecommunications policy and strategy. Mr. Thomas received his B.A. from Brown University in Economics and Communications and attended Antioch School of Law.

MEMORANDUM

Date: April 13, 2000

From: Tracey Wilson
Common Carrier Bureau
Policy & Program Planning Division
445 12 Street
5-C150
S.W., Washington, D.C.

To: Office of the Secretary
445 12 Street.
TW-B204F
S.W., Washington, D.C.

Subject: CC Docket 99-294

Please place the following document into the record of CC Docket 99-294. If you require further information, please feel free to contact me at 202-418-1394. Thank you for your assistance.

FEDERAL-STATE JOINT CONFERENCE ON ADVANCED SERVICES
INITIAL MEETING
WASHINGTON, DC
MARCH 8, 2000 10:30AM-1:00PM
RENAISSANCE HOTEL

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Federal-State Joint Conference on Advanced Services
Initial Field Hearing in Washington, DC.

March 8, 2000 Renaissance Hotel, 999 9th Street, NW

10:30 am Opening Remarks

FCC Commissioner Susan Ness

Montana Public Service Commissioner Bob Rowe

Chair of the Regulatory Commission of Alaska, G. Nanette Thompson

10:45 am Overview of Broadband Deployment

Introduction of Panelists: Brett Perlman, Texas Public Utility Commissioner

Moderator: JoAnne Sanford, Chair of the North Carolina Utilities Commission

Greg Rode, Assistant Secretary of Commerce for Communications and Information,

NTIA Administrator

Chris McLean, Acting Administrator, US Department of Agriculture, Rural Utility Service

Dr. Anthony Wilhelm, Project Director, Benton Foundation, Communications Policy

Marie Guillory, Vice-President of Legal and Industry, National Telephone Cooperative Association

Leslie Harris, Leslie Harris & Associates

Jon Garcia, Senior Engagement Manager, McKinsey & Co. Inc.

11:45 am Inner City Broadband Deployment

Introduction of Panelist: Irma Muse Dixon, Chair, Louisiana Public Service Commission

Moderator: Joe Anne Sanford, Chair of the North Carolina Utilities Commission

Curtis White, President, Allied Telecommunications

Lisa Zifcak, Research Analyst, Consumer Energy Council of America

Donald Vital, Board of Directors, Alliance for Public Technology

James Colthrap, Senior Director, Public Policy, Comcast

Vincent Thomas, Economic Development Specialist, Office of NY Assemblyman Albert Vann

Transcripts of this meeting, as well as updates on future field hearings, will be posted on the Joint Conference's web site:www:fcc.gov/jointconference.

FEDERAL STATE JOINT CONFERENCE ON SECTION 706

Statement of Bob Rowe

March 8, 2000

Mr. Chairman, I commend you and your colleagues for creating the Joint Conference. This is a wonderful "cooperative federalist" enterprise, very much in keeping with the spirit of the Telecommunications Act.

The Act gave us many important tools: Sections 251, 252, and 271 to open markets and promote competition; and Section 254 to preserve and build universal service.

Section 706 demonstrates how far sighted Congress truly was. Its champions, including Senator Conrad Burns from my state, really were visionaries. They told us "do more, don't be satisfied." NARUC passed a resolution two years ago saying Section 706 is an opportunity to "grab the brass ring of new technology," not an "invitation to pick the low-lying fruit."

Last Summer NARUC submitted to the FCC a detailed proposal for a Section 706 Joint Conference. Specific functions set out in the NARUC proposal included **monitoring** deployment through regional hearings, studies, and other efforts; **activating** stakeholders; **coordinating** efforts by seeking synergies, removing barriers, and transferring implementation to stakeholders; and **disseminating** information to those best able to use it. The proposal also discussed coordinated **deployment**, for example through "Section 706 zones."

As we developed the Section 706 Joint Conference proposal last year, we particularly benefited from the efforts of the Alliance for Public Technology, which proposed a Joint Board two years ago. I am pleased that former California PUC Chairman Don Vial will be speaking today on behalf of APT. The Joint Conference's success, in my opinion, will depend on the continued involvement

of citizens' organizations, providers, users and potential users at the community level. Through the regional field hearings, site visits and other efforts, I hope we will emphasize the importance of these direct contributions.

Over the last several years, I've become convinced there is no one "Digital Divide. Rather, there are many digital divides. One contribution the Joint Conference can make is to help understand the specific nature of the problems.

Based on what I've learned so far, I look at the "digital divides" on two axes: First, by layer of the network. In a particular situation, is the concern backbone or transport facilities? Internet points of presence? Is it switching? Is it loop facilities (of whatever type)? What are the relationships between layers of the network (switching and backhaul, for example), or the trade offs between investing in improved signal processing and investing in new distribution plant?

Working down closer to the customer, is the problem access to customer premises equipment or other network devices? Is it absence of appropriate applications? Or is it a question of human capital, possibly addressable through technical support?

On the other axis, I think about the types of problems faced at the particular network layer. Is the issue the physical absence of facilities in a particular layer? This is certainly an issue in some areas. Is the problem congestion or exhaustion of facilities? Is the problem the price to use existing facilities? This is a real problem in some areas – distance still costs money. Or, is the concern quality? (For example, outages, slow or incorrect provisioning, difficulty handling a complex order, or insufficient technical support.) Quality problems are big concerns in some areas, and for some customers, and can directly affect investment decisions by businesses considering where to locate or whether to expand. All the disparate issues I just summarized have been described to me by customers complaining specifically about what they labeled as the "digital divide."

Depending on the problem, the solution may be aggregation of demand, "transparent backhaul" of data traffic, community access points, cyber cafes, an electronic Extension Service, or loaning laptops to school children.

The *bad news* from this approach is that I don't think there is any one strategy that is sufficient to bridge all the digital divides.

The *good news* is that there are a multitude of approaches, each appropriate to address specific problems, and – in combination – to bridge the many digital divides. The *good news* is that there are enormous opportunities for creativity. The *good news* is that we can work together to solve real problems in real communities.

At each level of the network, it's possible to point to tremendous successes. Those successes should be our models. For example, in Montana a consortium of rural cooperatives and small telcos has built the ATM-based MAIN network, which will finish looping most of Montana this year. Another consortium, Vision Net, has built ninety switched video studios, mainly in rural Montana. Many rural coops are going out on a limb to provide DSL and other services to their members. Other carriers (big and small, ILECs and CLECs) and other communities have good stories to tell as well. I hope we will be able to highlight the successes as well as the problems, and ask questions including:

- What kind of support do successful efforts need to thrive?
- How can they be replicated in other areas?
- How can we build on or better these accomplishments?

Depending on the location, the customer, and the specific circumstances, a particular Digital Divide issue may have a competition answer, a universal service answer, or an answer that involves supporting state and local economic development efforts, for example through training efforts. The Rural Utility Service and NTIA also have important contributions to make.

As federal and state commissioners, we don't have all the answers, the resources, or the legislative direction to answer all these questions. And we shouldn't! I hope through the Joint Conference we will be able to assist in

bringing together the parties who can help assemble the pieces in the kinds of creative, new combinations that are the essence of entrepreneurialism.

Within the constraints of federal law, the FCC worked hard to be faithful to the NARUC proposal. As created in October, the Federal State Joint Conference on Broadband Services is intended as a forum to:

- examine how to accelerate deployment of affordable advanced services to rural and under-served citizens;
- conduct an on-going cooperative dialogue regarding deployment of advanced services;
- promote an exchange of information between and among state and federal jurisdictions; and,
- explore regulatory and deregulatory mechanisms that will facilitate the widespread availability of advanced services.

The Joint Conference is an exciting project. I hope it will help move us beyond the "Telewars" the armies of lawyers and advocates have been fighting, and focus us instead on what we can accomplish together. The most exciting and important work, however, will not occur in public hearings. It will take place in the big cities, in the small towns, and on the "frontiers" (as we say in Montana), where people are working diligently and creatively to solve real problems.

Thank you, and let's get to work!

GREGORY L. ROHDE

ASSISTANT SECRETARY OF COMMERCE FOR COMMUNICATIONS AND INFORMATION,

ADMINISTRATOR NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION

On August 3, 1999, President Clinton nominated Gregory L. Rohde to serve as the Assistant Secretary of Commerce for Communications and Information. He was confirmed by the United States Senate on November 10, 1999. The Assistant Secretary is responsible for formulating policies supporting the development and growth of telecommunications, information and related industries; furthering the efficient development and use of telecommunications and informational services; providing policy and management for federal use of the electromagnetic spectrum; and providing telecommunications facilities grants to public users.

Mr. Rohde served as a senior aide to U.S. Senator Byron L. Dorgan (D-North Dakota) for more than ten years as the chief policy advisor for all areas of jurisdiction under the Senate Committee on Commerce, Science, and Transportation, of which Senator Dorgan is a member, including telecommunications and technology issues. He played a key role in many important legislative initiatives such as the landmark *Telecommunications Act of 1996* (which provided for a comprehensive reform of all aspects of the telecommunications and media industries) and the *Internet Tax Freedom Act of 1998* (which provided a moratorium on state and local taxation on electronic commerce).

He began his career as a legislative assistant to then-Representative Byron L. Dorgan in 1988 serving as chief policy advisor for health care, social security, and human resource issues on the House Committee on Ways and Means, of which Representative Dorgan was a member. Additional legislative areas of responsibility included education, judiciary, environment, and transportation. Prior to joining then-Representative Byron L. Dorgan, Mr. Rohde was an instructor teaching social justice classes at Mackin Catholic High Schoolin Washington, D.C.

Mr. Rohde also served as a Team Coordinator for the Health Care Financing Administration Section in the Health and Human Services Cluster of the Presidential Transition Team for the Clinton-Gore Administration and as Campaign Manager for the Nicholas Spaeth for Governor Campaign (D-North Dakota) in 1992.

Born in Pierre, South Dakota in 1961, Mr. Rohde's family moved to North Dakota when he was young, settling in the state capitol of Bismarck where he graduated from Century High School in 1980. He was a state champion distance runner, setting state records in the mile and two-mile and received All-American honors in track.

Mr. Rohde attended Colorado University, in Boulder, Colorado, and North Dakota State University, in Fargo, North Dakota, on a track and cross-country scholarship. He received a *Bachelor of Science* in Education with majors in Philosophy and Sociology from North Dakota State University in 1985 and a *Bachelor of Sacred Theology* from the Catholic University of

America, Washington, D.C. in 1988.

[redacted] *NTIA*

CONTACTING NTIA

- NTIA Organization Chart
- NTIA Staff Directory & Contact Information

The **National Telecommunications and Information Administration** (NTIA), an agency of the U.S. Department of Commerce, is the Executive Branch's principal voice on domestic and international telecommunications and information technology issues. NTIA works to spur innovation, encourage competition, help create jobs and provide consumers with more choices and better quality telecommunications products and services at lower prices.

By the 21st Century, telecommunications and information-related industries will account for approximately 20 percent of the U.S. economy. Telecommunications and information issues are dynamic, multi disciplinary and complex. NTIA's expertise and advocacy enable the U.S. to continue its lead in this area that is an integral part of America's competitiveness. In fulfilling this responsibility, NTIA is:

PROVIDING GREATER ACCESS FOR ALL AMERICANS

- Working to ensure that all Americans have affordable phone and cable service.
- Helping to bring the benefits of advanced telecommunications technologies to millions of Americans in rural and underserved urban areas through its information infrastructure grants.
- Providing the hardware that enables public radio and television broadcasters to extend and maintain the reach of their programming.

CHAMPIONING GREATER FOREIGN MARKET ACCESS

- Advocating competition and liberalization of telecommunications policies around the world.
- Participating in international government-to-government negotiations to open markets for U.S. companies.
- Negotiating with foreign governments to ensure adequate spectrum for national defense, public safety, and U.S. business needs.

CREATING NEW OPPORTUNITIES WITH TECHNOLOGY

- Promoting efficient use of federal radio spectrum and encouraging the development and implementation of new and emerging telecommunications technologies.
- Performing long-term research to explore uses of higher frequency spectrum.
- Working with Federal, state, and local public safety agencies to address future spectrum requirements.

NTIA Home | Domestic | International | Spectrum | Grants | Research

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Biography
Christopher A. McLean
Deputy Administrator
Rural Utilities Service

Christopher McLean is the Acting Administrator of the Rural Utilities Service (RUS) and Acting Governor of the Rural Telephone Bank.

Prior to joining the RUS, Chris worked on Capitol Hill for fifteen and a half years. McLean joined Senator Exon=s staff in 1982 and served as Legislative Assistant and Legal Counsel until the Senator=s retirement in January 1997. He was Legislative Counsel to Senator Bob Kerrey during 1997. On Capitol Hill, McLean worked on telecommunications, budget, transportation and trade issues. He was a founding member of the group of Senate staffers known as the FARM TEAM who helped craft the universal service and rural provisions of the Telecommunications Act of 1996.

The RUS, formerly, the Rural Electrification Administration, is a Rural Development Agency of the United States Department of Agriculture. The RUS helps finance rural electric, telecommunications and water projects and administers a distance learning and telemedicine loan and grant program. The RUS loan portfolio contains over $42 billion in investments in rural utility infrastructure. The Rural Telephone Bank is a public/private lending institution which levels rural telecommunications infrastructure in concurrence with RUS.

McLean who hails from Omaha, Nebraska graduated from the Creighton University=s School of Business Administration in 1980 and Law in 1982. He also received a Master of Laws degree in International and Comparative Law from Georgetown University in 1985.

Anthony Wilhelm, Ph.D., Program Director, Communications Policy

Anthony Wilhelm, Ph.D. joined the Benton Foundation in April 1999. Tony directs Benton's Communications Policy and Practice program, a nonpartisan initiative to strengthen public interest efforts to shape the emerging communications environment and to demonstrate the value of communications for solving social problems.

As Director of Information Technology Research at the Tomás Rivera Policy Institute, Tony completed numerous research projects examining the effects of information and communication technologies on America's low-income and minority communities. He was also co-principal investigator for the W.K. Kellogg Foundation supported Digital Steppingstones initiative, a three-year project examining exemplary uses of advanced telecommunications technologies in diverse learning environments.

He received his Ph.D. from the Claremont Graduate University's School for Politics & Economics. His dissertation examined the role of emerging telecommunications technologies in empowering underserved communities in the United States. He received his bachelor of arts and master of arts in government from the University of Virginia.

His published works include Closing the Digital Divide (1998); Virtual Sounding Boards: How Deliberative Is Online Political Discussion (1998); Explaining Access to Computer-mediated Political Life (1997); Buying into the Computer Age: A Look at the Hispanic Middle Class (1997); Out of Reach: Latinos, Education and Technology in California (1997); Latinos and Information Technology: Perspectives for the Twenty-First Century (1996); Creative Destruction in the Information Age: The Fallout on America's Latino Communities (1995); At What Cost Competition? Impacts of Telecommunications Deregulation on Latino Communities (1995); The Cost of Access: Will There Be Toll Booths on the Information Highway? (1995); LatinoEquity and the Information Superhighway (1994); Issues in Telecommunications and Democracy (1993).

His research interest focuses on the impact of emerging communications technologies on political, economic, social and educational life in U.S. society. Two areas in which he has paid particular attention are: (1) questions around the implications of differential access to advanced telecommunications technologies, particularly for minority and low-income communities; (2) questions around how emerging technologies can facilitate full participation in society on the part of minority, low-income and rural users, including spurring greater economic development, social integration, enhanced educational opportunities, and political participation.

His research has been supported by the W.K. Kellogg Foundation, the Benton Foundation, the Haynes Foundation, Ameritech, GTE, AT&T, Pacific Bell, and Southwestern Bell. He has served as a reviewer for the U.S. Department of Commerce's TIIAP competitive grants. His publications have received the endorsement of the Clinton Administration and have been covered in numerous newspapers, including the Wall Street Journal, Los Angeles Times, and The Yomiuri Shimbun, Japan's largest daily newspaper. Tony has been keynote speaker, panel moderator or participant at numerous conferences across the country related to telecommunications technology and its role in society.

L. MARIE GUILLORY
Vice President of Legal and Industry
National Telephone Cooperative Association
Washington, D.C.

Marie Guillory heads the Legal and Industry Division of the National Telephone Cooperative Association. The association, incorporated in 1954, promotes the interests of its 500 small and rural telephone cooperatives and commercial companies.

Ms. Guillory grew up on a family farm in southwestern Louisiana. She holds a law degree from Rutgers Law School, and undergraduate and graduate degrees. She is the member of the Texas, Pennsylvania, D.C., and New Jersey bars.

Before coming to NTCA, Ms. Guillory was Director of Litigation for the Office of the People's Counsel for the District of Columbia. Previously, she also held positions on the corporate counsel staff of Panhandle Eastern Corporation, a diversified energy company in Houston, Texas and represented the Interstate Commerce Commission before various federal appellate courts.

LESLIE A. HARRIS

Leslie Harris is the founder of Leslie Harris and Associates, a government and public relations firm which provides Washington representation and strategic services principally to nonprofit organizations, foundations, corporations and advocacy groups acting in the public interest. The firm specializes in telecommunications, Internet, First Amendment, privacy and education policy. Among others, the firm's clients include Intel, the American Library Association, the Benton Foundation, the International Society for Technology in Education, the Consortium for School Networking, the National School Board Association, the Markle Foundation and America Online.

Ms. Harris has been a lawyer, lobbyist and public policy strategist in Washington for over fifteen years. During that time, she has been involved in the enactment of many landmark pieces of legislation including the " E-Rate" amendment to the 1996 Telecommunications. Her firm currently represents clients on matters ranging from open access to cable broadband and the E-Rate to digital copyright and funding for educational technology.

In 1995, Ms. Harris founded the Civic Media Project to protect free expression and public access to the Internet and other advanced telecommunications services. The Project organized the first coalition in support of expanding universal service to schools, libraries and nonprofits and served as a principal voice in opposition to the Communications Decency Act.

Prior to establishing Leslie Harris & Associates, Ms. Harris served in senior positions in two prominent civil liberties organizations. From 1993-1996, she was the Director of Public Policy for People for the American Way, where she managed the organization's legislative and government relations program and served as a national spokesperson for the organization. Before that, she served in a number of legal and policy positions for the American Civil Liberties Union, most recently as the Chief Legislative Counsel for the Washington Office from 1989-92. As Chief Legislative Counsel, she co-managed the ACLU's national legislative and public policy program. Before joining the ACLU, she was in private law practice in Washington.

Ms. Harris has served in leadership positions in the American Bar Association, most recently as the Chairperson of the Section on Individual Rights and Responsibilities and currently chairs the Advisory Committee for the Center for Democracy and Technology.

Ms. Harris received her law degree *cum laude* from the Georgetown University Law Center and her BA at the University of North Carolina at Chapel Hill, where she graduated Phi Beta Kappa.

Jon C. Garcia

Mr. Garcia is a Senior Engagement Manager in the Washington office of McKinsey. Mr. Garcia spent 1997 at the FCC where he worked for the Chairman. He returned to McKinsey in January 1998 and specializes in working with telecommunications and technology clients. Recent projects include:

- ¶ Creating all aspects of the business plan for an HFC overbuild and working to create the business (hiring, business development, etc.)
- ¶ Assisting a leading private equity firm in the evaluation of several investments in telecom services
- ¶ Working with a leading providing of billing and customer care software to develop a strategy for attacking the IP market.
- ¶ Leading a joint research initiative on the evolution of broadband with the equity research firm Sanford C. Bernstein & Co.
- ¶ Developing a residential and small business DSL strategy for a leading incumbent local exchange provider.
- ¶ Working with an incumbent local exchange carrier to create an out-of-region growth strategy focused on the development of a data network integration business.
- ¶ At the FCC, working closely with Chairman Reed Hundt as part of the team that designed the structure of access charge and universal service reforms.

Before leaving McKinsey for the FCC in January, 1997, Mr. Garcia was active in the Firm's telecommunications and Internet practices. Experience included:

- ¶ Evaluating opportunities in the educational technology and corporate training markets for a major cable MSO.
- ¶ Creating a new geographic market entry strategy (wireline, wireless and data) for an Asian PTT and analyzing the impact on the carrier's core business.
- ¶ Analyzing strategic options in data communications and the online world for an incumbent local exchange company. This study included an extensive analysis of Internet access economics, public network services and potential content opportunities.

As a core member of McKinsey's telecommunications practice, Mr. Garcia co-led the Firm's efforts to understand telecommunications deregulation. He was also a part of the team that analyzed the economics of online communities of interest, resulting in the book Net Gain.

Mr. Garcia received his A.B. with honors from Georgetown University. He also holds an M.Sc. (with distinction) from the London School of Economics and graduated with honors from Harvard Law School. Mr. Garcia has published articles on the satellite launch services industry and U.S.-Korean economic relations.

December 1999

BIOGRAPHICAL STATEMENT OF CURTIS T. WHITE

Curtis White has recognized expertise in the areas of domestic and international communications licensing, complex business development projects, corporate finance, joint ventures and multi-party negotiations. His regulatory communications experience includes representation and/or consultancies in the areas of common carrier, cable, wireless services (cellular, PCS, LMDS and mobile satellites), broadcast, and direct broadcast by satellites. Client representation included, among others, UNESCO Headquarters (Paris) and UNESCO Caribbean (Jamaica), OAU, URTNA, International Telecommunication Union, United States Government, Germany, Brazil, Costa Rica and Belize.

He is President of Allied Communications, Inc., a Washington, DC based competitive local exchange carrier specializing in bundled and broadband products and services. The shareholders of Allied Communications have held ownership interests in various telecommunications licensees/systems, including, broadcast, cellular, mobile satellites, and cable television.

Among its other current activities, Allied serves as Telecom Manager for the development of a "Smart Home Community" prototype now underway in Washington,DC. Sponsored initially by the FannieMae Foundation (the Foundation of the world's largest manager of mortgage portfolios), the project focuses on deploying broadband capacity in the affordable housing community throughout the U.S.

Curtis earned his J.D. from the Georgetown University Law Center, where he also served as an Adjunct Professor of Communications Law, and undergraduate degrees from Florida A&M University. He maintains his memberships in the Bars of the District of Columbia, most U.S. District Courts of Appeals, and the U.S. Supreme Court.

WRITTEN RESPONSES
OF
CURTIS T. WHITE, PRESIDENT, ALLIED COMMUNICATIONS, INC.

Presented before the Joint Conference Meeting of March 8, 2000
(First Field Hearing of Federal and State Members on Advanced Services)

Good Morning, and thank you for the opportunity to appear before you today as part of the first field hearing on deployment of advanced services in underserved areas. This issue is of vital importance to all Americans, but especially those who reside in underserved communities.

Numerous studies and analyses have been published on the growing "Digital Divide" in the U.S., a disparity which appears to be increasing even as most of us find it impossible to travel in downtown corridors without experiencing "street-cut" delays. As recently as two weeks ago, a collection of this region's top business and foundation executives, as well as educators and government officials met at the Potomac Conference (at the University of Maryland) to discuss the need to accelerate efforts and action in this regard. At Allied Communications, we believe our common-sense business approach offers an example for bridging the gulf between low-to-moderate communities and their more affluent counterparts in the availability of broadband capacity and advanced services, and are pleased to share some of the "lessons learned" in the development of our "best practices" model.

Allied is a privately held, Washington, DC, based company currently qualifying as a competitive local exchange carrier (CLEC). The Company is unique to the CLEC industry in that it targets the affordable housing sector, and has developed its product mix of bundled and specialized broadband services specifically for its market niche. As Telecom/IT Manager, it designed and developed the Montana Terrace "Sm@rt Home Community" model in Washington, DC, which successfully married deployment of broadband capacity with the "sticks & bricks" of housing construction to (i) increase broadband capacity in the immediate and adjoining communities, (ii) foster development of advanced services, (iii) promote community revitalization, and (vi) spur economic development. Its market-focused products and services include, among others, its bundled package (local/long distance telephony and highspeed internet), specialized broadband services (telemeidcine and distance education) and a video-on-demand platform.

As a profit driven enterprise, Allied recognizes its ability to compete will be determined by price-points, quality of service and speed-to-market. Moreover, and from the public interest perspective, experiences have shown that our presence in the marketplace generates immediate benefits for consumers in the targeted niche since it accelerates competition from new entrants (large and small) and expands consumer choice.

I now turn to questions posed by the Joint Conference, and respond as follows:

Q 1: What specific things have communities done to attract and/or accelerate broadband deployment (e.g., public-private partnerships, demand aggregation and the like). Are there any sources for best practices?

My work in the telecom sector stretches back some 25 years, and my involvement in the underserved sector (primarily as volunteer) covers an even longer period of time. These years of service have provided me with a unique perspective and understanding of the issues in both arenas.

From my vantage point, and given marketplace dynamics, I believe the deployment of broadband capacity in underserved communities – at a pace necessarily commensurate with such deployment in more affluent corridors – is an extremely challenging goal. But it is an achievable one so long as there is recognition and acceptance of the need, and the implementation of coordinated plans of action.

Having targeted the underserved market (and one which some regard as undeserving), we early-on recognized that our ability to grow the business would hinge on the flexibility to think "outside the box". This meant, first and foremost, the acceptance of certain marketplace forces and trends, and then devising market strategies which accelerated time to market. Considerations included the following:

1. Regulatory developments would only increase the competitive positions of RBOCs and larger interexchange carriers, thus permitting them to narrow even further the margins available for provisioning commodity connections (i.e., with the advent of RBOC long distance, bundled packages would offer deeper discounts which only the larger providers could reasonably absorb);

2. It was reasonable to presume some regulatory maneuvering would be employed to either quash or severely diminish emerging opportunities for smaller service providers (e.g., ILECs accelerating the execution of Universal Service Fund contracts prior to the closing of "bid" periods in order to shield such contract opportunities from competitive bids); and

3. The fundamental need for the Company to fashion value-added services which generated revenue streams and, perhaps more important, "separated us from the crowd".

Put differently, we do not depend on our targeted sector to devise marketing strategies, or any other programs designed to "attract" service providers. Rather, and because we know there is pent-up demand, we develop marketing strategies and services to address customer need. In doing so, we take the initiative to establish public-private partnerships we believe necessary to generate traffic and meet our expected return on investment. More specifically (and perhaps unlike any other CLEC), Allied relies on its specialists in the areas telemedicine, housing development, distance education and community development to establish the necessary customer accords (public-private partnerships), and then provisions service offerings consistent with such agreements and demand (i.e., we create both the market and class of users).

The answer to the second part of the question is found in the earlier explanation. More specifically, we believe our "Sm@rt Home Community" model is an example of "best practices" since it makes clear that the small, entrepreneurial CLEC will likely serve as a major catalyst for accelerating deployment of broadband connectivity in underserved communities, and will do so by thinking outside the box and capitalizing on their flexibility to meet customer demand.

Q. 2: In urban areas, are there portions of inner cities that are not being served by broadband providers?

Yes, and I believe a disparity exists in most if not all of the major urban markets.

Q. 2 (Follow-up): Is the quality of existing infrastructure affecting deployment? Is there a lack of infrastructure (e.g., wireless cell cites, cable deployment, telephone lines that can carry high-speed date)?

Yes. Deployment of broadband capacity in underserved inner city areas is driven by a number of considerations, some of which are wrongheaded and just plain wrong.

Many assumptions are similar to those raised about cable television line extensions during the mid-1970s, which posited that underserved communities would have to wait for installation because, in general, the sector could not support the service. Today, of course, and notwithstanding some of the fare made available over cable, we know those assumptions were false. Indeed, the cable industry owes its financial health in large part to the penetration levels it has enjoyed over the years in inner city markets.

Two decades later, there are now similar assumption vis-a-vis the deployment of broadband capacity in the inner city; that is, it is presumed that the projected demand does not justify the cost and that usage patterns will not provide a sufficient return on investment. We are confident these assumptions, just as those involving cable, will prove fallacious. The problem in this instance, however, is that consequences and resultant problems will be more devastating and, ultimately, may prove insurmountable.

Q. 3: What factors influence new deployment in inner city areas?

The above discussions regarding market assumptions (and presumed lack of demand and value) are, I believe, responsive to this question.

Q. 4: Is sufficient data available for communities to understand their needs and options (i.e., how does a community find out if some of its citizens do not have access to broadband services)?

Needs and interests in the inner city are strikingly similar to those in other communities vis-a-vis usage patterns of technology when, indeed, it is available. (This was borne out by NTIA studies published as part of its "Falling Through the Net" Reports).

At the same time, and because there is little targeted marketing, and most service providers erroneously assume a lack of demand, there is not a broad understanding within these communities of (i) service availability, or, more significantly (ii) how broadband capacity is both necessary in the Information Age and can enhance the overall quality of life.

Recommendation

While not requested, I would nonetheless take this opportunity to offer one recommendation for accelerating broadband deployment to underserved inner city communities.

Development of Policies and Programs of Incentives to Accelerate Deployment

The telecommunications industry is among the few major engines in the national economy which does not offer incentives for creating infrastructure in underserved communities. [The housing industry has it in many forms and so does the financial community.] Although the concept is not fully developed, the need is nonetheless abundantly clear, particularly when one considers the projected costs of deploying broadband capacity in the underserved sector. It is my belief such a policy can be developed, and we would be pleased to work with any task force in this regard. One request and/or caveat: to the extent such efforts are undertaken, there should be some assurances that smaller companies are guaranteed participation since, as Allied's work is showing, it is the smaller, entrepreneurial companies which have both the flexibility and business need to "think outside the box" in addressing and serving community needs.

Donald Vial
Board of Directors
Alliance for Public Technology

Donald Vial is a Senior Advisor with the California Foundation on the Environment and the Economy. Mr. Vial's previous positions include: Commissioner, California Fair Political Practices Commission; Research and Education Director, California AFL-CIO; Chairman, Center for Labor Research and Education, University of California, Berkeley; and Director of the Industrial Relations Department for the State of California. From 1975-82, he was a member of the Governor's Cabinet, and from 1983-87 he served on the California Public Utilities Commission as Commissioner and then President. He is also Past President of the Association of California Consumers, and a member of the Boards of Directors of the Industrial Relations Research Association, KQED Public TV, and the Northern California ACLU. Mr. Vial received a Masters degree in Economics at the University of California, Berkeley.